



West Rand District Municipality
Financial statements
for the Year ended June 30, 2013

West Rand District Municipality

Financial Statements for the Year ended June 30, 2013

General Information

Mayoral committee

Executive Mayor

K .M. Nawa
J. Phiri (Speaker)
S. Ngweventssha (Chief Whip)
L. Nkosiyanane (MMC: Finance)
N. Lipudi (MMC: Infrastructure)
M. Gama (MMC: Human Settlement)
K. Blaai (MMC: Corporate Services)
P. Kgoleng (MMC: Health and Social Development)
O. Caldeira (MMC: Rural Development)
B. Xulu (MMC: Public Safety)
T.E. Mphithikezi (MMC: Local Economic Development)

Councillors

B.D. Blake
M.F. Chohledi
T.N. Daniel
P.H.C. De Jager
D.S. Thabe
R.J.A Harris
L.A. Isherwood
G.S. Isherwood
M.V. Jiba
J.W.W. Julius
N.G. Kasibi
S.N. Khenene
F.F Ngcobo
M.J. Selibo
A.I. Lebopa
T.K. Foteng
M. Holenstein
J. Hoon
R.Lees
T.B.N. Mavuso
S. Mcungeli
M.V. Mfazi
N.P.Mosetle
D.E. Ngubane
M.N. Nomandla
M. Nqoro
W.M. Plaatjie
D.H. Pretorius
P.L. Seemela
P.Simon
C.P. Zagagana
J.D.W Zwart
S. Handula (Chairperson MPAC)

Grading of local authority

3

Chief Finance Officer (CFO)

M.J. Ratlhogo

Accounting Officer

M.D. Mokoena

West Rand District Municipality

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General Information

Business address	Cnr 6th & Park Street Randfontein 1760
Postal address	Private Bag X 033 Randfontein 1760
Bankers	Standard Bank South Africa
Auditors	Auditor General South Africa

West Rand District Municipality

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The reports and statements set out below comprise the financial statements presented to the :

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Abbreviations

COID	Compensation for Occupational Injuries and Diseases
DMA	District Management Area
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
WRDA	West Rand Development Agency
MFMA	Municipal Finance Management Act
IAS	International Accounting Standards
MIG	Municipal Infrastructure Grant
IPSAS	International Public Sector Accounting Standards
FMG	Finance Management Grant
VAT	Value Added Taxation
EPWP	Expanded Public Works Programme
MSIG	Municipal System Improvement Grant

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Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year ended to June 30, 2014 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is wholly dependent on the grants received from national and provincial government for continued funding of operations. The financial statements are prepared on the basis that the municipality is a going concern and that the Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

The financial statements set out on pages 5 to 58, which have been prepared on the going concern basis, were approved by the accounting officer on August 31, 2013

M.D. Mokoena
Accounting Officer

West Rand District Municipality

Financial Statements for the Year ended June 30, 2013

Statement of Financial Position as at June 30, 2013

Figures in Rand	Note(s)	2013	RESTATED 2012
Assets			
Current Assets			
Current portion of long term receivables	10	-	124,191
Inventories	11	486,114	550,830
Receivables from exchange transactions	12	5,565,502	8,838,096
VAT receivable	13	4,468,865	5,803,576
Cash and cash equivalents	14	80,888,627	99,282,579
		91,409,108	114,599,272
Non-Current Assets			
Biological assets	3	116,659	116,659
Investment property	4	591,524	1,172,286
Property, plant and equipment	5	67,388,132	80,422,968
Intangible assets	6	1,712,987	-
Investments in controlled entities	7	14,578,528	14,578,528
Long term receivables	10	840,824	727,244
		85,228,654	97,017,685
Total Assets		176,637,762	211,616,957
Liabilities			
Current Liabilities			
Retirement benefit obligation	9	974,364	1,057,667
Other financial liabilities	15	3,270,810	2,955,089
Finance lease obligation	16	1,520,978	1,607,794
Unspent conditional grants and receipts	17	141,013	3,089,165
Provisions	18	3,035,355	3,366,602
Trade and other payables from exchange transactions	19	22,838,196	19,878,554
		31,780,716	31,954,871
Non-Current Liabilities			
Retirement benefit obligation	9	38,986,403	34,078,900
Other financial liabilities	15	1,759,460	5,241,812
Finance lease obligation	16	3,457,161	2,152,938
Provisions	18	10,313,837	8,611,323
		54,516,861	50,084,973
Total Liabilities		86,297,577	82,039,844
Net Assets		90,340,185	129,577,113
Net Assets			
Accumulated surplus		90,340,166	129,577,112

West Rand District Municipality

Financial Statements for the Year ended June 30, 2013

Statement of Financial Performance

Figures in Rand	Note(s)	2013	RESTATED 2012
Revenue			
Service charges	22	2,972,111	3,399,354
Interest received (trading)		99,023	78,389
Income from agency services	24	24,837,750	31,934,250
Licences and permits		182,589	155,426
Government grants & subsidies	23	180,319,128	175,243,999
Other income	25	23,445,935	3,561,301
Interest received - investment	30	5,235,493	6,557,933
Rental of facilities and equipment	33	1,709,896	1,565,358
Total revenue		238,801,925	222,496,010
Expenditure			
Personnel	27	(151,324,868)	(135,100,739)
Remuneration of councillors	28	(7,989,002)	(7,548,651)
Debt impairment	29	(23,890,852)	(2,303,280)
Depreciation and amortisation	31	(13,327,621)	(13,460,853)
Finance costs	32	(729,083)	(939,711)
Collection costs		-	(4,721)
Repairs and maintenance		(2,554,474)	(2,002,739)
Grants and subsidies paid	34	(4,394,200)	(16,321,671)
General Expenses	26	(71,430,792)	(63,196,290)
Total expenditure		(275,640,892)	(240,878,655)
Operating deficit		(36,838,967)	(18,382,645)
Loss on disposal of assets and liabilities		-	(899,265)
Deficit for the Year		(36,838,967)	(19,281,910)
Attributable to:			
Owners of the controlling entity		(36,838,967)	(19,281,910)

West Rand District Municipality

Financial Statements for the Year ended June 30, 2013

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at July 1, 2011	148,859,022	148,859,022
Changes in net assets		
Surplus for the Year	(19,281,910)	(19,281,910)
Total changes	(19,281,910)	(19,281,910)
Opening balance as previously reported	133,883,297	133,883,297
Adjustments		
Correction of errors(refer to note 39)	(6,704,164)	(6,704,164)
Balance at July 1, 2012 as restated	127,179,133	127,179,133
Changes in net assets		
Surplus for the Year	(36,838,967)	(36,838,967)
Total changes	(36,838,967)	(36,838,967)
Balance at June 30, 2013	90,340,166	90,340,166
Note(s)		

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Financial Statements for the Year ended June 30, 2013

Cash Flow Statement

Figures in Rand	Note(s)	2013	RESTATED 2012
Cash flows from operating activities			
Receipts			
Grants		177,370,976	176,437,740
Interest income		5,235,493	6,557,933
Other receipts		11,126,226	26,887,346
		193,732,695	209,883,019
Payments			
Employee costs		(147,870,549)	(135,100,742)
Suppliers		(59,608,799)	(87,135,030)
Finance costs		(729,083)	(939,711)
		(208,208,431)	(223,175,483)
Net cash flows from operating activities	35	(14,475,736)	(13,292,464)
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(5,724,418)	(5,376,324)
Proceeds from sale of property, plant and equipment	5	5,614,558	45,182
Purchase of investment property	4	-	(200,000)
Purchase of other intangible assets	6	(1,859,132)	-
Net cash flows from investing activities		(1,968,992)	(5,531,142)
Cash flows from financing activities			
Repayment of other financial liabilities		(3,166,631)	(2,755,635)
Finance lease payments		1,217,407	165,217
Net cash flows from financing activities		(1,949,224)	(2,590,418)
Net increase/(decrease) in cash and cash equivalents		(18,393,952)	(21,414,024)
Cash and cash equivalents at the beginning of the year		99,282,579	120,696,603
Cash and cash equivalents at the end of the year	14	80,888,627	99,282,579

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Financial Statements for the Year ended June 30, 2013

Accounting Policies

1. Presentation of Financial Statements

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

These financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include:

1.2 Biological assets

An entity shall recognise a biological assets or agricultural produce when, and only when:

- the entity controls the asset as a result of past events;
- it is probable that future economic benefits or service potential associated with the asset will flow to the municipality; and
- the fair value or cost of the asset can be measured reliably.

Biological assets are measured at their fair value less point-of-sale costs.

A gain or loss arising on initial recognition of biological assets or agricultural produce at fair value less estimated point-of-sale costs and from a change in fair value less estimated point-of-sale costs of a biological assets is included in surplus or deficit for the period in which it arises.

Where market determined prices or values are not available, the present value of the expected net cash inflows from the asset, discounted at a current market-determined pre-tax rate where applicable is used to determine fair value.

An unconditional government grant related to a biological assets measured at its fair value less costs to sell is recognised as income when the government grant becomes receivable.

Where fair value cannot be measured reliably, biological assets are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Plants yearly

0-1 year

Plants perennial

1-10 years

1.3 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

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Financial Statements for the Year ended June 30, 2013

Accounting Policies

1.3 Investment property (continued)

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Fair value

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measure that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity apply the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the entity becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

When classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of business, are as follows:

1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

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Accounting Policies

1.4 Property, plant and equipment (continued)

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited in revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Land	0
Buildings	7-25 Years
Plant and machinery	5-17 Years
Furniture and fixtures	3-17 Years
Motor vehicles	
• Specialised Vehicles	5-17 Years
• Other Vehicles	15-17 Years
Infrastructure	
• Roads and Storm water	20-30 Years
• Water	20-30 Years
Security Measures	5-14 Years
Water Craft	5-15 Years
Office Equipments	3-17 Years
Community facilities	20-30 Years
• Emergency Equipment	5-17 Years
Other leased Assets	2-3 Years

The residual value of 10% of the cost will apply to all motor vehicles and specialised vehicles. The depreciable value amount will be the original cost less the residual value over the life term of the asset.

1.5 Intangible assets

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the municipality or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset acquired through a non-exchange transaction, the cost shall be its fair value as at the date of acquisition.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

Accounting Policies

1.5 Intangible assets (continued)

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software, other	2-3 years

1.6 Investments in controlled entities

Investments in controlled entities are carried at cost less any accumulated impairment.

The cost of an investment in controlled entity is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the municipality; plus
- any costs directly attributable to the purchase of the controlled entity.

The West Rand Development Agency(WRDA) was established to promote tourism and investment of the region.

1.7 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

A financial asset is:

- cash;

West Rand District Municipality

Financial Statements for the Year ended June 30, 2013

Accounting Policies

1.7 Financial instruments (continued)

- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class

Long term debtors
Receivables from exchange transaction
Short term investments

Category

Loans and receivables
Loans and receivables
Loans and receivables

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class

Other financial liabilities
Payables from exchange transactions
Unspent conditional grants

Category

Financial liability measured at amortised cost
Financial liability measured at amortised cost
Financial liability measured at amortised cost

The trade receivables from exchange transactions and non exchange transactions who are more than 90 days are considered to have been impaired expect the special cases (e.g. Government debt)

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

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Financial Statements for the Year ended June 30, 2013

Accounting Policies

1.7 Financial instruments (continued)

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

1.8 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessor

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the municipality's incremental borrowing rate.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.9 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

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Financial Statements for the Year ended June 30, 2013

Accounting Policies

1.9 Inventories (continued)

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.10 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

West Rand District Municipality

Financial Statements for the Year ended June 30, 2013

Accounting Policies

1.10 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The entity account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The entity measure the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The entity determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the reporting date.

West Rand District Municipality

Financial Statements for the Year ended June 30, 2013

Accounting Policies

1.10 Employee benefits (continued)

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

Actuarial valuations are conducted on an annual basis by independent actuaries separately for post employment medical benefits. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
 - those changes were enacted before the reporting date; or
 - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

1.11 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

West Rand District Municipality

Financial Statements for the Year ended June 30, 2013

Accounting Policies

1.11 Provisions and contingencies (continued)

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of a activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 37.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.12 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

West Rand District Municipality

Financial Statements for the Year ended June 30, 2013

Accounting Policies

1.12 Revenue from exchange transactions (continued)

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by .

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends, or their equivalents are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

West Rand District Municipality

Financial Statements for the Year ended June 30, 2013

Accounting Policies

1.13 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

West Rand District Municipality

Financial Statements for the Year ended June 30, 2013

Accounting Policies

1.13 Revenue from non-exchange transactions (continued)

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Bequests

Bequests that satisfy the definition of an asset are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality, and the fair value of the assets can be measured reliably.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

1.14 Borrowing costs

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirements of an entity directly to the nature of the expenditure to be funded i.e. capital or current.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.15 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year (refer note 39).

1.16 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

West Rand District Municipality

Financial Statements for the Year ended June 30, 2013

Accounting Policies

1.16 Unauthorised expenditure (continued)

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.17 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.18 Irregular expenditure

Irregular expenditure as defined in chapter 1 of the MFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.19 Use of estimates

The preparation of financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the relevant sections of the financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

1.20 Investments

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the statement of financial performance.

West Rand District Municipality

Financial Statements for the Year ended June 30, 2013

Accounting Policies

1.21 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

1.22 Segmental information

Segmental information on property, plant and equipment, as well as income and expenditure, is set out in Appendices C and D, based on the International Government Financial Statistics classifications and the budget formats prescribed by National Treasury. The municipality operates solely in its area of jurisdiction as determined by the Demarcation Board.

Segment information is prepared in conformity with the accounting policies applied for preparing and presenting the financial statements.

1.23 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by functional classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 7/1/2012 to 6/30/2013.

The budget for the economic entity includes all the entities approved budgets under its control.

The financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.24 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the local sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

Notes to the Financial Statements

Figures in Rand	2013	2012
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West Rand District Municipality

Financial Statements for the Year ended June 30, 2013

Notes to the Financial Statements

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current Year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none">GRAP 23: Revenue from Non-exchange Transactions	April 1, 2012	Not Material
<ul style="list-style-type: none">GRAP 24: Presentation of Budget Information in the Financial Statements	April 1, 2012	Not Material
<ul style="list-style-type: none">GRAP 103: Heritage Assets	April 1, 2012	Not Material
<ul style="list-style-type: none">GRAP 21: Impairment of non-cash-generating assets	April 1, 2012	Not Material
<ul style="list-style-type: none">GRAP 26: Impairment of cash-generating assets	April 1, 2012	Not Material
<ul style="list-style-type: none">GRAP 104: Financial Instruments	April 1, 2012	Not Material

2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after July 1, 2013 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none">GRAP 18: Segment Reporting	April 1, 2013	Not Material
<ul style="list-style-type: none">GRAP 25: Employee benefits	April 1, 2013	Not Material
<ul style="list-style-type: none">GRAP 105: Transfers of functions between entities under common control	April 1, 2014	Not Material
<ul style="list-style-type: none">GRAP 106: Transfers of functions between entities not under common control	April 1, 2014	Not Material
<ul style="list-style-type: none">GRAP 107: Mergers	April 1, 2014	Not Material
<ul style="list-style-type: none">GRAP 20: Related parties	April 1, 2013	Not Material
<ul style="list-style-type: none">IGRAP 11: Consolidation – Special purpose entities	April 1, 2014	Not Material
<ul style="list-style-type: none">IGRAP 12: Jointly controlled entities – Non-monetary contributions by ventures	April 1, 2014	Not Material
<ul style="list-style-type: none">GRAP 6 (as revised 2010): Consolidated and Separate Financial Statements	April 1, 2014	Not Material
<ul style="list-style-type: none">GRAP 7 (as revised 2010): Investments in Associates	April 1, 2014	Not Material
<ul style="list-style-type: none">GRAP 8 (as revised 2010): Interests in Joint Ventures	April 1, 2014	Not Material
<ul style="list-style-type: none">GRAP 1 (as revised 2012): Presentation of Financial Statements	April 1, 2013	Not Material
<ul style="list-style-type: none">GRAP 3 (as revised 2012): Accounting Policies, Change in Accounting Estimates and Errors	April 1, 2013	Not Material
<ul style="list-style-type: none">GRAP 7 (as revised 2012): Investments in Associates	April 1, 2013	Not Material
<ul style="list-style-type: none">GRAP 9 (as revised 2012): Revenue from Exchange Transactions	April 1, 2013	Not Material
<ul style="list-style-type: none">GRAP 12 (as revised 2012): Inventories	April 1, 2013	Not Material
<ul style="list-style-type: none">GRAP 13 (as revised 2012): Leases	April 1, 2013	Not Material
<ul style="list-style-type: none">GRAP 16 (as revised 2012): Investment Property	April 1, 2013	Not Material
<ul style="list-style-type: none">GRAP 17 (as revised 2012): Property, Plant and Equipment	April 1, 2013	Not Material
<ul style="list-style-type: none">GRAP 27 (as revised 2012): Agriculture (Replaces GRAP 101)	April 1, 2013	Not Material
<ul style="list-style-type: none">GRAP 31 (as revised 2012): Intangible Assets (Replaces GRAP 102)	April 1, 2013	Not Material
<ul style="list-style-type: none">IGRAP16: Intangible assets website costs	April 1, 2013	Not Material
<ul style="list-style-type: none">IGRAP1 (as revised 2012):Applying the probability test on initial recognition of revenue	April 1, 2013	Not Material

West Rand District Municipality

Financial Statements for the Year ended June 30, 2013

Notes to the Financial Statements

Figures in Rand	2013	2012
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3. Biological assets

	2013			2012		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Biological assets - Consumable	116,659	-	116,659	116,659	-	116,659

Reconciliation of biological assets - 2013

	Opening balance	Total
Biological assets - Consumable	116,659	116,659

Reconciliation of biological assets - 2012

	Opening balance	Total
Biological assets - Consumable	116,659	116,659

Non - Financial information

Quantities of each biological asset

Biological assets - Consumable	116,659	116,659
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4. Investment property

	2013			2012		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	3,400,000	(2,808,476)	591,524	3,400,000	(2,227,714)	1,172,286

Reconciliation of investment property - 2013

	Opening balance	Depreciation	Total
Investment property	1,172,286	(580,762)	591,524

Reconciliation of investment property - 2012

	Opening balance	Additions	Depreciation	Total
Investment property	3,200,000	200,000	(2,227,714)	1,172,286

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Reviewal of usefull life for investment property was done as at 30 June 2013. PWC Combined Systems was appointed to do all the work.

West Rand District Municipality

Financial Statements for the Year ended June 30, 2013

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5. Property, plant and equipment

	2013			2012		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	1,425,000	-	1,425,000	1,425,000	-	1,425,000
Buildings	37,259,733	(10,789,656)	26,470,077	37,259,733	(7,911,132)	29,348,601
Plant and machinery	5,924,560	(3,090,491)	2,834,069	5,924,560	(2,340,464)	3,584,096
Furniture and fixtures	4,643,389	(3,106,552)	1,536,837	4,643,389	(2,617,651)	2,025,738
Motor vehicles	19,674,249	(8,886,518)	10,787,731	15,802,508	(6,557,528)	9,244,980
Infrastructure	8,684,378	(1,464,453)	7,219,925	8,684,378	(983,773)	7,700,605
Security Measures	5,109,619	(2,944,665)	2,164,954	5,109,619	(2,031,865)	3,077,754
Emergency equipment	4,199,157	(2,576,924)	1,622,233	4,199,157	(1,901,708)	2,297,449
Other property, plant and equipment	100,340	(29,376)	70,964	100,340	(16,751)	83,589
Electricity	152,259	(22,823)	129,436	152,259	(15,210)	137,049
Office equipment	12,218,272	(7,287,797)	4,930,475	11,471,993	(5,426,707)	6,045,286
Other leased Assets	-	-	-	9,776,312	(2,910,229)	6,866,083
Community Facilities	9,757,656	(1,561,225)	8,196,431	9,757,656	(1,170,918)	8,586,738
Total	109,148,612	(41,760,480)	67,388,132	114,306,904	(33,883,936)	80,422,968

Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Land	1,425,000	-	-	-	-	1,425,000
Buildings	29,348,601	-	-	-	(2,878,524)	26,470,077
Plant and machinery	3,584,096	-	-	-	(750,027)	2,834,069
Furniture and fixtures	2,025,738	-	-	-	(488,901)	1,536,837
Motor vehicles	9,244,980	4,978,139	(60,731)	(543,982)	(2,830,675)	10,787,731
Infrastructure	7,700,605	-	-	-	(480,680)	7,219,925
Security Measures	3,077,754	-	-	-	(912,800)	2,164,954
Emergency equipment	2,297,449	-	-	-	(675,216)	1,622,233
Other property, plant and equipment	83,589	-	-	-	(12,625)	70,964
Electricity	137,049	-	-	-	(7,613)	129,436
Office equipment	6,045,286	746,279	-	-	(1,861,090)	4,930,475
Other leased Assets	6,866,083	-	(5,553,827)	-	(1,312,256)	-
Community facilities	8,586,738	-	-	-	(390,307)	8,196,431
	80,422,968	5,724,418	(5,614,558)	(543,982)	(12,600,714)	67,388,132

West Rand District Municipality

Financial Statements for the Year ended June 30, 2013

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5. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2012

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Land	10,227,000	-	-	(8,802,000)	-	1,425,000
Buildings	43,010,544	-	-	(10,784,618)	(2,877,325)	29,348,601
Plant and machinery	4,530,450	77,905	(81,836)	(258,874)	(683,549)	3,584,096
Furniture and fixtures	2,282,450	202,698	(4,296)	-	(455,114)	2,025,738
Motor vehicles	11,795,753	-	(611,137)	-	(1,939,636)	9,244,980
Infrastructure	20,078,476	-	-	(11,897,401)	(480,470)	7,700,605
Security Measures	2,679,473	1,275,931	-	(38,559)	(839,091)	3,077,754
Emergency equipment	2,757,396	316,243	(95,037)	-	(681,153)	2,297,449
Other property, plant and equipment	84,785	-	-	-	(1,196)	83,589
Electricity	144,662	-	-	-	(7,613)	137,049
Office equipment	6,805,954	940,196	(64,235)	-	(1,636,629)	6,045,286
Other leased Assets	5,631,695	2,563,351	(87,906)	-	(1,241,057)	6,866,083
Community facilities	9,605,091	-	-	(628,047)	(390,306)	8,586,738
	119,633,729	5,376,324	(944,447)	(32,409,499)	(11,233,139)	80,422,968

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality. Reviewal of assets life was done on the 30 June 2013

6. Intangible assets

	2013			2012		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	1,859,132	(146,145)	1,712,987	-	-	-

Reconciliation of intangible assets - 2013

	Opening balance	Additions	Amortisation	Total
Computer software, other	-	1,859,132	(146,145)	1,712,987

Reconciliation of intangible assets - 2012

7. Investments in controlled entities

West Rand Development Agency (SOC)	% holding 2013	% holding 2012	Carrying amount 2013	Carrying amount 2012
WRDA	100.00 %	100.00 %	14,578,528	14,578,528

8. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

West Rand District Municipality

Financial Statements for the Year ended June 30, 2013

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8. Financial assets by category (continued)

2013

	Loans and receivables	Available-for-sale	Total
Short Term Investment(Call Accounts)(Refer note 14)	-	40,000,000	40,000,000
Other Receivables from exchange transctions(Refer note 12)	5,565,502	-	5,565,502
	5,565,502	40,000,000	45,565,502

2012

	Loans and receivables	Available-for-sale	Total
Short Term Investment(Refer note 14)	-	78,388,185	78,388,185
Other Receivables from exchange transctions(Refer note 12)	8,838,096	-	8,838,096
Long term receivables(Refer note 10)	124,191	-	124,191
	8,962,287	78,388,185	87,350,472

9. Employee benefit obligations

Defined benefit plan

An actuarial valuation has been performed of the liability in respect of post-employment employment benefits to employees and retirees of West Rand District Municipality and to their registered dependants as at 30 June 2013. An independent valuator which is ARCH ACTUARIAL CONSULTING was appointed by the municipality to do all the calculation. The Company is practicing according to the conditions and requirements of Actuarial Society of South Africa.

The valuation considers all employees, retired employees and their dependants who participate in the medical aid arrangements and are entitled to a post-employment medical aid subsidy.

The post-employment medical aid subsidy liability is not a funded arrangement, i.e. no separate assets have been set aside to meet this liability. The accounting standards require that an employer's liability be based on the cost of the benefits provided by the employer.

The Medical Schemes Act 1998 enforces community rating which means that the contributions payable by retirees are the same as those paid by younger members. The employer's cost can therefore be taken as the expected contributions only, as opposed to the expected cost of actual medical aid benefits. The difference, namely the cross-subsidy liability, is a contingent liability and need not be reflected in the Financial Statements A SAICA newsletter confirms this. However, in some circumstances, such as for a closed medical scheme, the cross-subsidy liability may need to be included

Post retirement medical aid plan arrangements

The municipality offers employees and continuation members the opportunity of belonging to one of several medical aid schemes most of which offer a range of options pertaining to the levels of cover. Upon retirement a retired employee may continue membership of the medical scheme. Upon a member's death-in-service or death -on-retirement the surviving dependants may continue membership of the medical scheme .

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	35,136,567	4,000,000
ADJUSTMENTS	-	27,627,543
Net expense recognised in the statement of financial performance	4,824,200	3,509,024
	39,960,767	35,136,567

West Rand District Municipality

Financial Statements for the Year ended June 30, 2013

Notes to the Financial Statements

Figures in Rand	2013	2012
9. Employee benefit obligations (continued)		
Net expense recognised in the statement of financial performance		
Current service cost	1,856,114	1,637,686
Benefits paid	(1,057,667)	(1,139,952)
Interest cost	2,914,028	2,731,896
Actuarial (gains) losses	1,111,725	279,394
	4,824,200	3,509,024

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	9.27 %	8.41 %
Health care cost inflation rate	7.91 %	6.76 %
Net effective discount rate	1.26 %	1.54 %

10. Long term receivables

Internal learnership (study assistance employees WRDM). all the monies are recovered when the employees fails.

Current Portion	0	124,191
Non Current Portion	840, 824	727,244
Total	840,824	851,435

11. Inventories

Consumable stores	486,114	550,830
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12. Receivables from exchange transactions

Employee costs in advance	298,801	15,357
Grants debtors	34,976	-
Deposits	77,475	73,671
Contributions from local municipalities	17,788,000	-
Ambulance	1,255,998	9,467,103
Sundry Debtors	14,387,453	3,668,314
Impairment of Debtors	(28,277,201)	(4,386,349)
	5,565,502	8,838,096

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

West Rand District Municipality

Financial Statements for the Year ended June 30, 2013

Notes to the Financial Statements

Figures in Rand	2013	2012
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12. Receivables from exchange transactions (continued)

1. Included in trade and receivables from exchange transactions is contributions from local municipality within region. the contributions were for assisting the district in doing public safety projects, transformation projects and the subsidy which will assist the operational of the WRDA. the break down is as follows.

Municipality	Public Safety	Transformation	WRDA
Mogale City	8,027,000	500,000	500,000
Randfontein	2,490,000	500,000	500,000
Westonaria	856,000	500,000	500,000
Merafong City	2,915,000		500,000
Total	14,288,000	1,500,000	2,000,000

2. An amount of R6,780,625 of VAT is owed by SARS to the municipality and has since been transferred in 2013/14 financial year end. the amount is included in sundry debtors.

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At June 30, 2013, R 628,279 (2012: R 9,922,606) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	287,292	881,270
2 months past due	156,455	482,452
3 months past due	184,526	8,558,884

Trade and other receivables impaired

As of June 30, 2013, trade and other receivables of R 33,842,703 (2012: R 13,224,446) were impaired and provided for.

The amount of the provision was R 28,277,201 as of June 30, 2013 (2012: R 4,386,349).

The ageing of these trade and receivables is as follows:

Over 6 months	28,277,201	4,386,349
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Reconciliation of provision for impairment of trade and other receivables

Opening balance	4,386,349	3,126,199
Provision for impairment	23,890,852	2,303,280
Unused amounts reversed	-	(1,043,130)
	28,277,201	4,386,349

13. VAT receivable

VAT	4,468,865	5,803,576
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Value added tax is claimable from SARS on receipt basis.

14. Cash and cash equivalents

Cash and cash equivalents consist of:

West Rand District Municipality

Financial Statements for the Year ended June 30, 2013

Notes to the Financial Statements

Figures in Rand	2013	2012
14. Cash and cash equivalents (continued)		
Cash on hand	20,914	20,300
Bank balances	40,867,713	20,874,094
Short-term Investments (Call accounts)	40,000,000	78,388,185
	80,888,627	99,282,579

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	June 30, 2013	June 30, 2012	June 30, 2011	June 30, 2013	June 30, 2012	June 30, 2011
Standard Bank Corporate Account (021307350)	40,867,713	21,243,672	4,014,368	40,867,713	20,874,122	4,014,368
Call Account short term Investments	40,000,000	78,388,185	116,752,863	40,000,000	78,388,185	116,752,863
Petty Cash	20,914	20,300	20,300	20,914	20,300	20,300
Total	80,888,627	99,652,157	120,787,531	80,888,627	99,282,607	120,787,531

15. Other financial liabilities

At amortised cost

Bank loan	5,030,270	8,196,901
DBSA loans bear interests of 10% per annum and is repayable over a period of 20 Years. The loans were utilised to finance capital projects in the local municipalities. The remaining period of these loans is 2 Years.		

Non-current liabilities

At amortised cost	1,759,460	5,241,812
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Current liabilities

At amortised cost	3,270,810	2,955,089
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West Rand District Municipality

Financial Statements for the Year ended June 30, 2013

Notes to the Financial Statements

Figures in Rand	2013	2012
16. Finance lease obligation		
Minimum lease payments due		
- within one year	1,885,771	1,607,794
- in second to fifth year inclusive	3,771,542	2,152,938
	5,657,313	3,760,732
less: future finance charges	(679,174)	-
Present value of minimum lease payments	4,978,139	3,760,732
Non-current liabilities	3,457,161	2,152,938
Current liabilities	1,520,978	1,607,794
	4,978,139	3,760,732

It is municipality policy to lease certain [property]motor vehicles and equipment under finance leases.

The average lease term was 2-3 years and the average effective borrowing rate was 9% (2012: 9%).

Interest rates are fixed at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

17. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Biodigester and shared services	35,059	702,845
HIV/AIDS Grant	15,904	86,000
Bekkersdal urban renewal grant	-	375,032
MIG	-	1,365,407
LED grants-water and sanitation(Merafong City Telemetry)	-	314,661
Wireless connections libraries grants	70,477	245,220
MSIG	19,573	-
	141,013	3,089,165

Movement during the year

Balance at the beginning of the year	3,089,165	1,895,423
Additions during the year	177,370,976	176,437,740
Income recognition during the year	(180,319,128)	(175,243,998)
	141,013	3,089,165

The nature and extent of government grants recognised in the financial statements and an indication of other forms of government assistance from which the municipality has directly benefited

West Rand District Municipality

Financial Statements for the Year ended June 30, 2013

Notes to the Financial Statements

Figures in Rand	2013	2012
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18. Provisions

Reconciliation of provisions - 2013

	Opening Balance	Additions	Reversed during the year	Total
Long services awards provisions	8,987,775	2,242,445	-	11,230,220
Performance Bonus	2,032,045	635,420	(1,711,245)	956,220
Project Provision	958,105	-	(958,105)	-
Department of labour assesment provision	-	1,162,752	-	1,162,752
	11,977,925	4,040,617	(2,669,350)	13,349,192

Reconciliation of provisions - 2012

	Opening Balance	Additions	Utilised during the year	Total
Long services awards provisions	7,606,858	1,380,917	-	8,987,775
Performance bonus	1,711,245	320,800	-	2,032,045
Project Provision	10,981,644	-	(10,023,539)	958,105
	20,299,747	1,701,717	(10,023,539)	11,977,925

Non-current liabilities	10,313,837	8,611,323
Current liabilities	3,035,355	3,366,602
	13,349,192	11,977,925

Long services awards provisions

West Rand District Municipality

Financial Statements for the Year ended June 30, 2013

Notes to the Financial Statements

Figures in Rand	2013	2012
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18. Provisions (continued)

Summary of eligible employees Summary of employees who are eligible for LSA as at June 2013

	Female	Male	Total
Number of employees	190	213	403
Average annual salary	176,146	203,932	190,832
Salary weighted average	48.9	42.0	40.7
Salary weighted average past services	10.2	12.3	11.4

Long services leave arrangements

The municipality offers employees LSA for every five years of services completed, from ten years of services, inclusive.

Long service awards for levels of past services

Completed in service(in YRS)	Long service bonus(% annual package)	Description
10	4.0%	10/250* annual package
15	8.0%	20/250* annual package
20	12%	30/250*annual package
25	18.3%	(30/250+75%X1/12) x Annual salary
30,35,40,45	12.0%	(30/250+100%X1/12) x Annual salary

In the month that each "Completed Service" milestone is reached, the employee is granted a LSA.

Working days awarded are valued at 1/250th of annual salary per day

On reaching their 25 and 30 year service milestones, employees are respectively awarded 75% and 100% of their monthly salary.

Key financial assumptions

The municipality offers various types of long service awards to its employees and the key actuarial financial assumptions are as follows.

Assumption	Value p.a
Discount rate	7.50%
General salary inflation	6.81%
Net effective discount rate	0.65%

The salaries used in the valuation include an increase on 1 July 2013 of 6.84% as per the SALGBC Circular No.: 4/2013. The next salary increase was assumed to take place in July 2014.

Key demographic Assumptions

Key demographic Assumptions		Value	
Assumption			
Average retirement age		65 for males;60 for females	
Mortality during employment		SA85-90	
Withdrawal from service (sample annual rates)	Age	Rate	
		Female	Male
	20	24%	16%
	30	15%	10%
	40	6%	6%
	50	2%	2%
	55	0%	0%

Average Retirement Age: The Municipality has a normal retirement age of 65. It has been assumed that in-service members will retire at age 63, which implicitly makes an allowance for expected rates of early and ill-health retirement.

HIV/AIDS: No additional allowance has been made regarding expected additional mortality and morbidity due to HIV/AIDS. The mortality table used makes some allowance for this. Increased mortality rates before retirement would lead to a reduction in the employers LSA liability.

Performance bonus

West Rand District Municipality

Financial Statements for the Year ended June 30, 2013

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Figures in Rand	2013	2012
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18. Provisions (continued)

Provision for Section 57 employees of the municipality. The payments of the bonuses are based on performance and therefore the performance amounts and payments date are uncertain.

Project provision

Provision is to finance identified projects in the local municipalities and the WRDM. It is not certain when the monies will be spent by the local municipalities hence the amounts to be transferred and the timing are not certain.

Department of labour assessment provision

Assesment from department of labour . The payments of the assesment is based on estimated budget salaries, amounts and payments of the provision is uncertain.

19. Trade and other payables from exchange transactions

Trade payables	2,093,634	9,555,684
Consumer Deposits	33,137	30,692
Deposits received	3,158	-
Salaries third payment	42,516	40,872
Leave pay accrual	12,780,700	10,251,306
Stock in transit	12,525	-
Outstanding Cheques and EFT	7,872,526	-
	22,838,196	19,878,554

It is anticipated that the amounts owing to trade and other payables will be settled within the next 12 months.

20. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

2013

	Financial liabilities at amortised cost	Total
Trade and other payables from exchange transcatons(refer note 19)	22,838,196	22,838,196
Unspent conditional grants(refer note 17)	141,013	141,013
Other financial liabilities(refer note 15)	1,759,460	1,759,460
	24,738,669	24,738,669

2012

	Financial liabilities at amortised cost	Total
Trade and other payables from exchange transcatons(refer note 19)	19,878,554	19,878,554
Unspent conditional grants(refer note 17)	3,089,165	3,089,165
Other financial liabilities(refer note 15)	5,241,812	5,241,812
	28,209,531	28,209,531

West Rand District Municipality

Financial Statements for the Year ended June 30, 2013

Notes to the Financial Statements

Figures in Rand	2013	2012
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21. Revenue

Service charges	2,972,111	3,399,354
Rental of facilities and equipment	1,709,896	1,565,358
Interest received (trading)	99,023	78,389
Income from agency services(Ambulance Services)	24,837,750	31,934,250
Licences and permits	182,589	155,426
Other income - (rollup)	23,445,935	3,561,301
Interest received - investment	5,235,493	6,557,933
Government grants & subsidies	180,319,128	175,243,999
	238,801,925	222,496,010

The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	2,972,111	3,399,354
Rental of facilities and equipment	1,709,896	1,565,358
Interest received (trading)	99,023	78,389
Income from agency services(Ambulance Services)	24,837,750	31,934,250
Licences and permits	182,589	155,426
Other income - (rollup)	23,445,935	3,561,301
Interest received - investment	5,235,493	6,557,933
	58,482,797	47,252,011

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue

Transfer revenue

Government grants & subsidies	180,319,128	175,243,999
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22. Service charges

Other service charges	2,972,111	3,399,354
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Services charges consists of Ambulance services, Building plan fees, Electricity sales private, Fire services, Tender deposits and recovering of operating costs.

West Rand District Municipality

Financial Statements for the Year ended June 30, 2013

Notes to the Financial Statements

Figures in Rand	2013	2012
23. Government grants and subsidies		
Equitable share	25,024,000	24,469,138
EPWP	1,034,976	-
Bekkersdal urban renewal	375,032	-
FMG	1,250,000	1,250,000
RSC Replacement Grant	141,879,000	131,769,863
MIG	1,365,407	5,002,593
DMA(Merafong City Telemetry)	314,661	6,048,939
HIV/AIDS	5,853,096	5,035,531
MSIG	1,480,427	800,000
Network Libraries	674,743	570,780
Biodigester and Shared Services Grant	1,067,786	297,155
	180,319,128	175,243,999

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	13,416,128	19,004,998
Unconditional grants received	166,903,000	156,239,001
	180,319,128	175,243,999

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

Biodigester and Shared Services

Balance unspent at beginning of year	702,845	1,000,000
Current-year receipts	400,000	-
Conditions met - transferred to revenue	(1,067,786)	(297,155)
	35,059	702,845

Conditions still to be met - remain liabilities (see note 17).

An amount of R500,000 and R 202,845 was utilised for biodigester project and shared services for internal audit within the region respectively. An additional amount of R 400,000 was received for Internal Audit during 2012/13 financial year end.

HIV/AIDS Grant

Balance unspent at beginning of year	86,000	1,034,531
Current-year receipts	5,783,000	4,087,000
Conditions met - transferred to revenue	(5,853,096)	(5,035,531)
	15,904	86,000

Conditions still to be met - remain liabilities (see note 17).

Grants is utilised to finance HIV/AIDS projects campaigns at the WRDM and Local Municipalities.

Bekkersdal Urban Renewal

Balance unspent at beginning of year	375,032	375,032
Conditions met - transferred to revenue	(375,032)	-

West Rand District Municipality

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23. Government grants and subsidies (continued)

- 375,032

Conditions still to be met - remain liabilities (see note 17).

The grant was to finance the urban renewal programme on behalf of the provincial government.

MIG

Balance unspent at beginning of year	1,365,407	6,368,000
Conditions met - transferred to revenue	(1,365,407)	(5,002,593)
	-	1,365,407

Conditions still to be met - remain liabilities (see note 17).

The Infrastructure grant is utilised to finance approved project at the local Local Municipalities within the district..

DMA

Balance unspent at beginning of year	314,661	9,778,001
Conditions met - transferred to revenue	(314,661)	(6,048,939)
Other	-	(3,414,401)
	-	314,661

Conditions still to be met - remain liabilities (see note 17).

Provincial government grant to finance infrastructure in Merafong Local Municipality for telemetry and Water projects .

Wireless connections library grants

Balance unspent at beginning of year	245,220	-
Current-year receipts	500,000	816,000
Conditions met - transferred to revenue	(674,743)	(570,780)
	70,477	245,220

Conditions still to be met - remain liabilities (see note 17).

The grant is used for internet linkages between different libraries .

MSIG

Current-year receipts	1,500,000	-
Conditions met - transferred to revenue	(1,480,427)	-
	19,573	-

Conditions still to be met - remain liabilities (see note 17).

The grant is utilised for ICT programmes in the municipality.

EPWP

Current-year receipts	1,000,000	-
Conditions met - transferred to revenue	(1,034,976)	-
Other	34,976	-
	-	-

West Rand District Municipality

Financial Statements for the Year ended June 30, 2013

Notes to the Financial Statements

Figures in Rand	2013	2012
23. Government grants and subsidies (continued)		
Conditions still to be met - remain liabilities (see note 17).		
The Grant is used for Labour Intensive programmes as outlined by National Government.		
24. Income from agency services		
Income from agency services	24,837,750	31,934,250
Provincial extraordinary gazzeted amount for Ambulance and Emergency Services.		
25. Other income		
Sundry income	2,455,417	2,603,135
Contributions from local Municipalities	18,788,000	-
Projects income	958,105	-
Sales of plants and refuse bags	216,810	342,817
Insurance claims	22,761	62,002
Refund WCA	199,395	115,111
LG Seta Grant	785,616	426,016
Private telephone costs	19,831	12,220
	23,445,935	3,561,301
26. General expenses		
External audit fees	1,565,242	1,743,611
Advertisements signs and notices	381,194	684,274
Bank charges	127,183	177,242
EPWP expenditures	1,034,976	-
LSA and PEMA interest costs	3,549,680	-
Consulting and professional fees	8,073,707	6,905,383
Consumables	417,888	570,123
Entertainment	223,511	254,853
Pensioners medical contribution	1,057,667	840,085
Insurance	678,659	1,349,501
Lease rentals on operating lease	6,237,180	2,445,188
Levies	3,222,890	2,836,357
Magazines, books and periodicals	35,643	91,921
Operating costs general	5,051,332	2,370,262
Membership fees	1,755,681	1,123,568
Pest control	57,128	-
Fuel and oil	2,422,131	2,119,881
Postage and courier	40,092	110,980
Printing and stationery	480,249	585,069
Acturial gains and losses	2,348,489	-
Security (Guarding of municipal property)	843,939	691,864
Staff welfare	244,698	433,749
Telephone and fax	4,516,704	2,866,212
Training	2,433,847	2,447,048
Uniforms and Protective Clothing	657,406	1,711,810
CCTV Surveillance	7,714,200	6,446,365
Tourism Development	-	574,457
Stock and material	773,736	1,063,136
Special programs and projects	14,464,731	20,304,424
Other expenses	1,021,009	2,448,927
	71,430,792	63,196,290

West Rand District Municipality

Financial Statements for the Year ended June 30, 2013

Notes to the Financial Statements

Figures in Rand	2013	2012
27. Employee related costs		
Basic	82,936,536	74,294,191
Bonus	6,406,200	5,579,922
Medical aid - company contributions	8,552,204	7,728,710
UIF	651,165	562,096
WCA	1,162,752	4,941
Leave pay provision charge	6,948,505	5,498,963
Pension Fund	15,679,825	13,865,117
Group Insurance	1,321,301	1,192,746
Travel, motor car, accommodation, subsistence and other allowances	6,005,061	5,884,814
Overtime payments	16,907,654	15,746,865
Acting allowances	244,324	593,544
Housing benefits and allowances	1,270,788	1,287,890
Standby and Nightshift allowance	3,238,553	2,860,940
	151,324,868	135,100,739
Remuneration of Municipal Manager		
Annual Remuneration	1,168,896	1,083,420
Car Allowance	132,000	132,000
	1,300,896	1,215,420
Remuneration of Chief Finance Officer		
Annual Remuneration	1,130,508	1,056,228
Remuneration of Executive Manager Health, and Social Services		
Annual Remuneration	1,130,508	1,056,228
Remuneration of Executive Manager Public Safety and Emergency Services		
Annual Remuneration	961,176	886,896
Car Allowance	169,332	169,332
	1,130,508	1,056,228
28. Remuneration of councillors		
Executive Mayor	517,997	476,507
Chief Whip	234,601	164,521
Mayoral Committee Members	4,048,949	3,914,392
Speaker	525,746	508,274
Councillors	2,661,709	2,484,957
	7,989,002	7,548,651

In-kind benefits

The Executive Mayor, Chief Whip, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor is entitled to stay at the mayoral residence owned by Council at no cost. The Executive Mayor has use of a Council owned vehicle for official duties.

The Executive Mayor has a bodyguard and a driver, whereas the Speaker has a driver. The personnell costs are paid for by council

West Rand District Municipality

Financial Statements for the Year ended June 30, 2013

Notes to the Financial Statements

Figures in Rand	2013	2012
29. Debt impairment		
Contributions to debt impairment provision	23,890,852	2,900,418
Debts impaired	-	(597,138)
	23,890,852	2,303,280
30. Investment revenue		
Interest revenue		
Bank	5,235,493	6,557,933
The amount included in Investment revenue arising from non-exchange transactions amounted to R 5,235,493.		
31. Depreciation and amortisation		
Property, plant and equipment	13,327,621	13,460,853
32. Finance costs		
Other interest paid	729,083	939,711
33. Rental of facilities and equipment		
Facilities and equipment		
Rental of shops	1,482,936	1,335,313
Living units	194,315	196,815
Parking space	32,645	33,230
	1,709,896	1,565,358
34. Grants and subsidies paid		
Other subsidies		
Westonaria projects	-	2,000,000
Mogale City Projects	-	5,002,593
Merafong City Projects	-	6,048,939
WRDA Subsidy	4,394,200	2,538,600
Randfontein projects	-	731,539
	4,394,200	16,321,671

subsidy paid for assisiting operational of the WRDA (Refer note 42)

West Rand District Municipality

Financial Statements for the Year ended June 30, 2013

Notes to the Financial Statements

Figures in Rand	2013	2012
35. Cash used in operations		
Deficit	(36,838,967)	(19,281,910)
Adjustments for:		
Depreciation and amortisation	13,327,621	13,460,853
Gain on sale of assets and liabilities	-	899,265
Debt impairment	23,890,852	2,303,280
Movements in retirement benefit assets and liabilities	4,824,200	31,136,567
Movements in provisions	1,371,267	(714,964)
Other non-cash items	(1,853,979)	(36,961,927)
Changes in working capital:		
Inventories	64,716	96,708
Receivables from exchange transactions	3,272,594	7,954,941
Consumer debtors	(23,890,852)	(1,479,784)
Current portion of long term receivables	10,611	(35,603)
Trade and other payables from exchange transactions	2,959,642	5,129,303
VAT	1,334,711	(5,583,736)
Unspent conditional grants and receipts	(2,948,152)	(15,906,258)
Consumer deposits	-	5,690,801
	(14,475,736)	(13,292,464)

36. Commitments

37. Contingencies

Below are the litigation which has been instuted against the Municipality:

Goscon-WRDM (Fire Brigade Krugersdorp)	R 700,000	R 700,000
Summons by Mutual and Federal insurer of GOSCON owner property. Claim fire damage against fire brigade (veld fire- House caught fire) the plaintiff lost all the documents and personal belongings. the case is still ongoing.		
HR Potgieter-WRDM	R 115 758	R 115,758
The plaintiff colided with the EMS vehicle of the municipality. Matter taken from Botha Sutherland Attorneys who acted on intructions of Department of Health- no further action be plaintiff matter diaized		
Cradle of Human Conservation group WRDM	R 0	R 279,615
The plaintiff instituted claim against the municipality		
Mogale City- WRDM	R0	R 290,302
Water sampled analysed		

West Rand District Municipality

Financial Statements for the Year ended June 30, 2013

Notes to the Financial Statements

Figures in Rand	2013	2012
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38. Related parties

Relationships

Accounting Officer

Controlled entities

Members of key management

M.D. Mokoena

(WRDA)Refer to note 7

M.J. Ratlhogo

K. Ndlovu

M.E. Koloi

The municipality has a 100% share in the WRDA. the entity has its board and its own executive management.

Transactions relating to key management personnel are disclosed in note 27 and have been accounted for according to IPSAS 23

Related party balances

Mogale City

Projects	-	5,002,593
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Randfontein

Projects	-	731,539
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Merafong City

Projects	-	6,048,939
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Westonaria

Projects	-	2,000,000
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WRDA(SOC)

Developmental agency	4,394,200	2,538,600
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The WRDM has a relationship with Randfontein, Merafong City, Westonaria local Municipality and WRDA which has resulted in the transfers by the WRDM during 2011/2012 financial year end. In the current financial year end the municipality transferred money to the WRDA.

To the best of the WRDM knowledge and taking into account all disclosures made, no councillor or official has any direct or indirect personal or private business in any matter before the council, or acquired or stand to acquire any direct benefit from contract concluded with the municipality. All assets contributed for establishment of WRDA were at fair value. Mr B. Blake was elected as a councillor in the WRDM from 15 August 2011. No business will be done with blakes travel agency (Pty) ltd.

Compensation to accounting officer and other key management

Short-term employee benefits	774,601	320,800
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Post-employment benefits - Pension - Defined contribution plan	69,253	593,544
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843,854	914,344
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39. Prior period errors

1. Current Provisions

Post retirement medical benefit plan that was wrongly classified under current provisions

New Current Portion of long services awards that was never presented in AFS

2. Post Retirement medical benefit obligation (Current)

Benefit plan that was never that was never presented in AFS

3. Post retirement medical benefit obligation(non current)

Correction of calculation for post retirement medical benefit plan

West Rand District Municipality

Financial Statements for the Year ended June 30, 2013

Notes to the Financial Statements

Figures in Rand	2013	2012
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39. Prior period errors (continued)

4. Non Current Provisions

Correction of long services awards that was never presented in the AFS

5. Accumulated Surplus

Correction of errors identified for assets and post employment benefits. Change in useful life of assets of the municipality whereby the Accumulated depreciation expenses had to be written back.

6. Property Plant and Equipment

Fair value correction on council own own vehicles. Change in useful life of assets of the municipality whereby the Accumulated depreciation expenses had to be written back.

7. Investment Property

Reviewal of usefull life on investment property

8. Depreciation Expenses

Change on the depreciation expenses as a result of change in useful life of assets

The correction of the error(s) results in adjustments as follows:

Statement of financial position

Current Provisions	-	(3,623,548)
Retirement benefit obligation (current)	-	1,057,667
Retirement benefit obligation(Non Current)	-	34,078,900
Non Current Provisions	-	8,611,323
Opening Accumulated Surplus or Deficit	-	(6,704,164)
Property plant and equipment	-	35,647,893
Investment Property	-	(2,808,476)

Statement of Financial Performance

Depreciation expense	-	3,063,081
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40. Comparative figures

Certain comparative figures have been reclassified.

The effects of the reclassification are as follows:

Statement of financial position

Investment Assets	-	(78,388,185)
Cash and Cash Equivalents	-	78,388,185
Provisions Non-Current	-	(4,000,000)
Retirement benefit obligation	-	4,000,000
Other Reserves	-	(510,547)
Gorvenment grants reserve	-	(23,034,900)
Opening Accumulated Accumulated Surplus	-	23,545,447

West Rand District Municipality

Financial Statements for the Year ended June 30, 2013

Notes to the Financial Statements

Figures in Rand	2013	2012
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40. Comparative figures (continued)

1. Investment and Cash & Cash Equivalents

For an investment to qualify as a cash equivalent it must be readily convertible into cash, it must have a short maturity date, and be subject to an insignificant risk of changes in value. There is no guideline as to what is considered a short investment period, however the standard (**GRAP 2**) mentions a period of three months or less as an example. therefore the investments of the municipality qualifies to be classified as cash and cash equivalents as they are invested for 3 Months or less and can be withdrawn anytime.

2. Provisions Non Current and Retirement Benefit Obligation

According to **GRAP 25** Post employment medical should be classified as Retirement Benefit Obligation on the statement of financial position not as provisions.

3. Accumulated Surplus and Reserves

Paragraph 144 of Directive 4 states that all balances in reserves that are not represented by cash should be transferred to accumulated surplus deficit. Correction of assets

41. Risk management

Capital risk management

The municipality's objectives when managing capital are to safeguard the municipality's ability to continue as a going concern in order to provide returns for member and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the municipality monitors capital on the basis of the gearing ratio.

This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

The municipality's strategy is to maintain a gearing ratio of between 0.04% to 0.01%.

There are no externally imposed capital requirements.

There have been no changes to what the municipality manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

The gearing ratio at 2013 and 2012 respectively were as follows: 0.23% and 0.17%

Total borrowings

Finance lease obligation	16	4,978,139	3,760,732
Other financial liabilities	15	5,030,270	8,196,901
		10,008,409	11,957,633
Less: Cash and cash equivalents	14	80,888,627	99,282,579
Net debt		(70,880,218)	(87,324,946)
Total equity		90,340,166	129,577,112
Total capital		19,459,948	42,252,166

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

West Rand District Municipality

Financial Statements for the Year ended June 30, 2013

Notes to the Financial Statements

Figures in Rand	2013	2012
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41. Risk management (continued)

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 30 June 2013	2013 less than 1 YR	2013 Between 1-5 YRS
Long term liabilities	R 1 759 460	R 5 241 812
Trade and other payables	R 22 838 196	R 19 878 554

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

Cash flow interest rate risk

Financial instrument	Current interest rate	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due after five years
Trade and other receivables - normal credit terms	0.01 %	21,853,502	-	-	-	-
Trade and other receivables - normal credit terms	0.07 %	84,824	-	-	-	-

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2013	2012
ABSA Bank	20,000,000	22,122,020
Standard Bank	-	22,122,316
First National Bank	20,000,000	34,143,849

42. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

43. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure	-	1,802
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Assessment process late which led to interest of R398 and penalties of R1,404.

West Rand District Municipality

Financial Statements for the Year ended June 30, 2013

Notes to the Financial Statements

Figures in Rand	2013	2012
44. Irregular expenditure		
Opening balance	-	503,746
Add: Irregular Expenditure - current year	-	347,846
	-	851,592
Analysis of expenditure awaiting condonation per age classification		
Current year	-	347,846
Prior years	851,592	503,746
	851,592	851,592
45. Additional disclosure in terms of Municipal Finance Management Act		
Contributions to organised local government		
Current year subscription / fee	1,729,424	1,035,103
Amount paid - current year	(1,729,424)	(1,035,103)
	-	-
Material losses through criminal conduct		
Opening balance	4,000,000	-
Amount paid - previous years	-	4,000,000
	4,000,000	4,000,000
<p>The Accounting Officer opened a criminal case with the SAPS in terms of MFMA section 52. the alleged incumbent resigned and has pleaded guilty and the judgement will be passed by court in September 2013. Furthermore civimatter will be pursued to recover the WRDM losses. The internal personnel will undergo disciplinary procedures.</p>		
Audit fees		
Opening balance	36,182	68,571
Current year subscription / fee	1,529,060	1,987,716
Amount paid - current year	(1,565,242)	(2,020,105)
	-	36,182
PAYE and UIF		
Current year subscription / fee	30,034,956	22,105,077
Amount paid - current year	(30,034,956)	(22,105,077)
	-	-
Pension and Medical Aid Deductions		
Current year subscription / fee	24,232,029	32,295,037
Amount paid - current year	(24,232,029)	(32,295,037)
	-	-

West Rand District Municipality

Financial Statements for the Year ended June 30, 2013

Notes to the Financial Statements

Figures in Rand	2013	2012
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45. Additional disclosure in terms of Municipal Finance Management Act (continued)

VAT

VAT receivable	4,468,865	5,803,576
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VAT output payables and VAT input receivables are shown in note .

All VAT returns have been submitted by the due date throughout the year.

46. Utilisation of Long-term liabilities reconciliation

Long-term liabilities raised	5,030,270	8,196,901
Used to finance property, plant and equipment	(6,751,163)	(8,196,901)
	(1,720,893)	-

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.

West Rand District Municipality

Financial Statements for the Year ended June 30, 2013

Notes to the Financial Statements

Figures in Rand	2013	2012
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47. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the financial statements.

West Rand District Municipality

Financial Statements for the Year ended June 30, 2013

Notes to the Financial Statements

Figures in Rand	2013	2012
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47. Deviation from supply chain management regulations (continued)

The 2011/2012 deviation amount was R 4, 238, 608 whereas the 2012/2013 amount is R 1 492 462, which represents a reduction of 184%.

ITEM NO	D1/12-13
DESCRIPTION	Microsoft active directory and exchange
AWARDED TO	First Technology Group
AMOUNT	R 144,000
SECTION/REASON	Sole Provider

ITEM NO	D2/12-13
DESCRIPTION	D340 4 W Ergo line digital instrument
AWARDED TO	Gijima Ast
AMOUNT	R 25,764
SECTION/REASON	Sole Provider

ITEM NO	D3/12-13
DESCRIPTION	Electrical Fault at the main entrance
AWARDED TO	Balete Trading
AMOUNT	R 2,109
SECTION/REASON	Urgent

ITEM NO	D4/12-13
DESCRIPTION	Towing of vehicle (Fire Truck Reg: HRR 988 GP) from Merafong to Randfontein
AWARDED TO	Rieks Towing
AMOUNT	R 3,648
SECTION/REASON	Urgent

ITEM NO	D5/12-13
DESCRIPTION	Repairs for vehicle (Fire Truck Reg: WYK 167 GP) Turbo
AWARDED TO	Mercedes Benz Centurion
AMOUNT	R 57,024.13
SECTION/REASON	Sole Provider

ITEM NO	D6/12-13
DESCRIPTION	Repairs of vehicle (Fire Truck Reg: WYK 152 GP) Clutch
AWARDED TO	Mercedes Benz Centurion
AMOUNT	R 34,826.59
SECTION/REASON	Sole Provider

ITEM NO	D7/12-13
DESCRIPTION	Repairs of vehicle (Fire Truck Reg: KBS 422 GP) Brake System
AWARDED TO	Marce Fire Fighting Technologies
AMOUNT	R 24,295.78
SECTION/REASON	Urgent

ITEM NO	D8/12-13
DESCRIPTION	Towing of vehicle (Fire Truck Reg: WYK 165 GP) from Westonaria to Centurion
AWARDED TO	Rieks Towing
AMOUNT	R 5,016.00
SECTION/REASON	Urgent

ITEM NO	D9/12-13
DESCRIPTION	Towing of vehicle (Fire Truck Reg: WYK 152 GP) from Krugersdorp to Centurion
AWARDED TO	Rieks Towing
AMOUNT	R 5,016.00
SECTION/REASON	Urgent

ITEM NO	D10/12-13
DESCRIPTION	Payment of the 2011/12 annual license fee for the computer programme used by the Human

West Rand District Municipality

Financial Statements for the Year ended June 30, 2013

Notes to the Financial Statements

Figures in Rand		2013	2012
47. Deviation from supply chain management regulations (continued)			
AWARDED TO	Resources unit		
AMOUNT	Vizual Solutions		
SECTION/REASON	R 23,350		
	Impractical to follow SCM process		
ITEM NO	D11/12-13		
DESCRIPTION	Payment of court costs in terms of High Court order regarding land invasion case at portion 26 of the farm Kromdraai 520JQ against the WRDM		
AWARDED TO	Mabuza Attorneys		
AMOUNT	R 211,212.14		
SECTION/REASON	Impractical to follow SCM process		
ITEM NO	D12/12-13		
DESCRIPTION	Service of Holmatro equipment and replacement of old coolings		
AWARDED TO	Holmatro Fire Raiders		
AMOUNT	R 9,188.97		
SECTION/REASON	Sole Provider		
ITEM NO	D13/12-13		
DESCRIPTION	Repairs of vehicle Mercedes Bank Atego- Reg: WYK 152 GP		
AWARDED TO	Mercedes Benz Centurion		
AMOUNT	R 5,486.45		
SECTION/REASON	Impractical to follow SCM process		
ITEM NO	D14/12-13		
DESCRIPTION	Payment of court costs in terms of High Court order regarding land invasion case at portion 26 of the farm Kromdraai 520JQ against the WRDM		
AWARDED TO	Mabuza Attorneys		
AMOUNT	R 26,662.35		
SECTION/REASON	Impractical to follow SCM process		
ITEM NO	D15/12-13		
DESCRIPTION	Electrical repairs		
AWARDED TO	MP Royal Trading Enterprise		
AMOUNT	R 2, 265.10		
SECTION/REASON	Emergency		
ITEM NO	D16/12-13		
DESCRIPTION	Repairs of vehicle Mercedes Bank Atego- Reg: WYK 145 GP		
AWARDED TO	West Rand Diesel & Auto Electrical		
AMOUNT	R 6,708.00		
SECTION/REASON	Emergency		
ITEM NO	D17/12-13		
DESCRIPTION	Supply and delivery of complete Gas Fire Suppression system including automatic discharges and alarm devices for the WRDM		
AWARDED TO	Stanley Security Solutions		
AMOUNT	R 71,318.02		
SECTION/REASON	Impractical to follow SCM process		
ITEM NO	D18/12-13		
DESCRIPTION	Services of the TNT Hydraulic Rescue Set		
AWARDED TO	Marce Fire Fighting		
AMOUNT	R 5,971.31		
SECTION/REASON	Sole Provider		
ITEM NO	D20/12-13		
DESCRIPTION	Services of the TNT Hydraulic Rescue Motor		
AWARDED TO	Marce Fire Fighting		
AMOUNT	R 25,991.44		

West Rand District Municipality

Financial Statements for the Year ended June 30, 2013

Notes to the Financial Statements

Figures in Rand	2013	2012
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47. Deviation from supply chain management regulations (continued)

SECTION/REASON	Sole Provider
ITEM NO	D21/12-13
DESCRIPTION	Supply and Delivery of 60 fluorescent lights
AWARDED TO	Electrical Centre West Rand
AMOUNT	R 30,396.96
SECTION/REASON	Impractical to follow SCM process
ITEM NO	D22/12-13
DESCRIPTION	Supply and delivery of 220 T Shirts for the OR Tambo Games
AWARDED TO	Eclipse Stationers
AMOUNT	R 38,495.52
SECTION/REASON	Impractical to follow SCM process
ITEM NO	D23/12-13
DESCRIPTION	Supply and delivery of sporting gear for the OR Tambo games
AWARDED TO	Maimane construction and projects
AMOUNT	R 62, 249.70
SECTION/REASON	Impractical to follow SCM process
ITEM NO	D24/12-13
DESCRIPTION	Supply and delivery of Cricket Hats for the OR Tambo games
AWARDED TO	Face of Earth Trading and Projects
AMOUNT	R 31,820.72
SECTION/REASON	Impractical to follow SCM process
ITEM NO	D25/12-13
DESCRIPTION	Supply and delivery of track suits for the OR Tambo games
AWARDED TO	N1 H Communications
AMOUNT	R 127,200
SECTION/REASON	Impractical to follow SCM process
ITEM NO	D26/12-13
DESCRIPTION	Additional modules for CPMD
AWARDED TO	WITS Business School
AMOUNT	R 27,500
SECTION/REASON	Impractical to follow SCM process
ITEM NO	D27/12-13
DESCRIPTION	Repairs of Mercedes Benz Atego. Reg WYK 152 GP
AWARDED TO	West Rand Diesel
AMOUNT	R 13,805.40
SECTION/REASON	Emergency
ITEM NO	D28/12-13
DESCRIPTION	Repairs of Mercedes Benz Atego. Reg WYK 158 GP
AWARDED TO	Marce Fire Fighting Technology
AMOUNT	R 11,570.21
SECTION/REASON	Emergency
ITEM NO	D29/12-13
DESCRIPTION	Repairs of Mercedes Benz Atego. Reg WYK 152 GP (Leaking water tank)
AWARDED TO	Marce Fire Fighting Technology
AMOUNT	R 22,290.80
SECTION/REASON	Emergency
ITEM NO	D30/12-13
DESCRIPTION	Repairs of Mercedes Benz Atego. Reg WYK 145 GP
AWARDED TO	Marce Fire Fighting Technology
AMOUNT	R 14,535.00

West Rand District Municipality

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Figures in Rand		2013	2012
47. Deviation from supply chain management regulations (continued)			
SECTION/REASON	Emergency		
ITEM NO	D31/12-13		
DESCRIPTION	Repairs of Fire Truck. Reg HRR 990 GP		
AWARDED TO	West Rand Diesel		
AMOUNT	R 53,876.19		
SECTION/REASON	Emergency		
ITEM NO	D32/12-13		
DESCRIPTION	Repairs of burnt electrical cables at public safety department		
AWARDED TO	Golden Electricity Plumbing		
AMOUNT	R 3,500.00		
SECTION/REASON	Emergency		
ITEM NO	D33/12-13		
DESCRIPTION	Repairs of Mercedes Benz (gear box). Reg WYK 152 GP		
AWARDED TO	Mercedes Benz S.A		
AMOUNT	R 25,478.73		
SECTION/REASON	Emergency		
ITEM NO	D34/12-13		
DESCRIPTION	Compiling additional information for the MBD submission and review the strategic plan of the 2016 Vision		
AWARDED TO	Modiro-Pascal Moloi Consulting		
AMOUNT	R 232,320.00		
SECTION/REASON	Impractical to follow SCM process		
ITEM NO	D35/12-13		
DESCRIPTION	Repairs of Izusu KB250- Reg no: BV 23 DR GP(Brakes)		
AWARDED TO	Venter Motors		
AMOUNT	R 232,320.00		
SECTION/REASON	Emergency		
ITEM NO	D36/12-13		
DESCRIPTION	Repairs of vehicle Toyota Dyna- Reg no: TVN 012 GP		
AWARDED TO	Auto 2000		
AMOUNT	R 4,101.00		
SECTION/REASON	Impractical to follow SCM process		
ITEM NO	D37/12-13		
DESCRIPTION	Repairs of vehicle - Reg no: MKD 112 GP		
AWARDED TO	West Rand Diesel		
AMOUNT	R 18,371.10		
SECTION/REASON	Emergency (no fire engines available in Mogale City)		
ITEM NO	D38/12-13		
DESCRIPTION	Repairs of vehicle Mercedes Benz Atego- Reg no: WYK 145 GP		
AWARDED TO	Marce Fire Fighting Technology		
AMOUNT	R 33,803.96		
SECTION/REASON	Vehicle manufactured by Marce		
ITEM NO	D39/12-13		
DESCRIPTION	Repairs of vehicle Mercedes Benz Atego- Reg no: WYK 152 GP		
AWARDED TO	Mercedes Benz S.A		
AMOUNT	R 25,478.73		
SECTION/REASON	Vehicle must be repaired as soon as possible to ensure effective service delivery		
ITEM NO	D40/12-13		
DESCRIPTION	Repairs to TNT Haudrolic rescue services		
AWARDED TO	Marce Fire Fighting Technology		

West Rand District Municipality

Financial Statements for the Year ended June 30, 2013

Notes to the Financial Statements

Figures in Rand	2013	2012
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47. Deviation from supply chain management regulations (continued)

AMOUNT R 5,961.56
SECTION/REASON Vehicle to be repaired as soon as possible to ensure effective service delivery

ITEM NO D41/12-13
DESCRIPTION Labour relations workshop for the Municipal Manager
AWARDED TO Envision International
AMOUNT R 15,958.86
SECTION/REASON Sole provider

ITEM NO D42/12-13
DESCRIPTION Repairs of TNT rescue equipment
AWARDED TO Marce Fire Fighting Technology
AMOUNT R 7,710.90
SECTION/REASON Vehicle to be repaired as soon as possible to ensure effective service delivery

ITEM NO D43/12-13
DESCRIPTION National human resources management conference
AWARDED TO SALGA
AMOUNT R 6,000
SECTION/REASON Sole provider

ITEM NO D44/12-13
DESCRIPTION Training for creditors controllers and salaries officers(GRAP)
AWARDED TO IMFO
AMOUNT R 3,648.00
SECTION/REASON Sole provider

ITEM NO D45/12-13
DESCRIPTION Conference Venue for the transformation breakaway session
AWARDED TO Cecile ScheepersT/A Usambara
AMOUNT R 83,790
SECTION/REASON Time constraints

ITEM NO D46/12-13
DESCRIPTION Audit Risk Indaba
AWARDED TO IMFO
AMOUNT R 7,620.00
SECTION/REASON Sole provider

West Rand District Municipality

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Notes to the Financial Statements

Figures in Rand

48. Statement of comparative and actual information

2013

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Financial Performance											
Service charges	4,448,000	-	4,448,000	-		4,448,000	2,972,111		(1,475,889)	67 %	67 %
Investment revenue	3,100,000	-	3,100,000	-		3,100,000	5,235,493		2,135,493	169 %	169 %
Transfers recognised - operational	216,947,000	(1,500,000)	215,447,000	-		215,447,000	180,319,128		(35,127,872)	84 %	83 %
Other own revenue	37,404,000	12,449,000	49,853,000	-		49,853,000	50,275,193		422,193	101 %	134 %
Total revenue (excluding capital transfers and contributions)	261,899,000	10,949,000	272,848,000	-		272,848,000	238,801,925		(34,046,075)	88 %	91 %
Employee costs	(152,380,000)	-	(152,380,000)	-	-	(152,380,000)	(151,324,868)	-	1,055,132	99 %	99 %
Remuneration of councillors	(8,816,000)	-	(8,816,000)	-	-	(8,816,000)	(7,989,002)	-	826,998	91 %	91 %
Debt impairment	(2,980,000)	-	(2,980,000)			(2,980,000)	(23,890,852)	-	(20,910,852)	802 %	802 %
Depreciation and asset impairment	(8,887,000)	-	(8,887,000)			(8,887,000)	(13,327,621)	-	(4,440,621)	150 %	150 %
Finance charges	(3,696,000)	-	(3,696,000)	-	-	(3,696,000)	(729,083)	-	2,966,917	20 %	20 %
Transfers and grants	(4,394,200)	-	(4,394,200)	-	-	(4,394,200)	(4,394,200)	-	-	100 %	100 %
Other expenditure	(80,745,800)	(8,694,000)	(89,439,800)	-	-	(89,439,800)	(73,985,266)	-	15,454,534	83 %	92 %
Total expenditure	(261,899,000)	(8,694,000)	(270,593,000)	-	-	(270,593,000)	(275,640,892)	-	(5,047,892)	102 %	105 %
Surplus/(Deficit) for the year	-	2,255,000	2,255,000	-		2,255,000	(36,838,967)		(39,093,967)	(1,634)%	DIV/0 %

West Rand District Municipality

Financial Statements for the Year ended June 30, 2013

Notes to the Financial Statements

Figures in Rand

48. Statement of comparative and actual information (continued)

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Capital expenditure and funds sources											
Total capital expenditure	-	4,000,000	4,000,000	-		4,000,000	7,583,550		3,583,550	190 %	DIV/0 %
Sources of capital funds											
Internally generated funds	-	4,000,000	4,000,000	-		4,000,000	7,583,550		3,583,550	190 %	DIV/0 %

West Rand District Municipality

Financial Statements for the Year ended June 30, 2013

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Figures in Rand

48. Statement of comparative and actual information (continued)

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Cash flows											
Net cash from (used) operating	(14,475,736)	(14,475,736)	(28,951,472)	-		(28,951,472)	(14,475,736)		14,475,736	50 %	100 %
Net cash from (used) investing	(1,968,992)	(1,968,992)	(3,937,984)	-		(3,937,984)	(1,968,992)		1,968,992	50 %	100 %
Net cash from (used) financing	(1,949,224)	(1,949,224)	(3,898,448)	-		(3,898,448)	(1,949,224)		1,949,224	50 %	100 %
Net increase/(decrease) in cash and cash equivalents	(18,393,952)	(18,393,952)	(36,787,904)	-		(36,787,904)	(18,393,952)		18,393,952	50 %	100 %
Cash and cash equivalents at the beginning of the Year	99,282,579	(99,282,579)	-	-		-	99,282,579		99,282,579	DIV/0 %	100 %
Cash and cash equivalents at Year end	80,888,627	(117,676,531)	(36,787,904)	-		(36,787,904)	80,888,627		(117,676,531)	(220)%	100 %

Certain assets of the municipality was budgeted and purchased under operational budget e.g fire trucks. It was later discovered that the municipality will retain the trucks at the end of lease hence they have been transferred to assets register.